

Financial Report for the First Quarter of the Fiscal Year ending March 31, 2019

August 10, 2018

The following statements are an English translation of the original Japanese document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Name of company... Taikisha Ltd.

Stock Exchange..... First Section of Tokyo Stock Exchange

Code..... 1979

Representative..... Toshiaki Shiba, President and Representative Director

Contact..... Masanori Nakagawa, Director, Managing Corporate Officer, Administrative Management
Headquarters Chief Executive

TEL..... (03)5338 - 5052

URL..... <https://www.taikisha.co.jp/>

Scheduled date to submit Quarterly report : August 14, 2018

Scheduled date to commence dividend payments : —

Supplemental materials prepared for financial results : None

Briefing session of financial results : None

(Round down to one million yen)

1. Consolidated Operating Performance (April 1, 2018 through June 30, 2018)

(1) Consolidated operating results

(% indicates increase ratio over previous year)

| | Sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--------------------|-------------|------|------------------|--------|-----------------|--------|---|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Three months ended | | | | | | | | |
| June 30, 2018 | 49,089 | 13.2 | 2,554 | 407.8 | 2,805 | 356.1 | 1,754 | 561.9 |
| June 30, 2017 | 43,373 | 13.8 | 503 | (50.0) | 615 | (51.4) | 265 | (66.5) |

(Note) Comprehensive income Three months ended June 30, 2018 1,573 million yen (26.8)%
Three months ended June 30, 2017 2,148 million yen — %

| Three months ended | Profit attributable to owners of parent per share | Profit attributable to owners of parent per share (Diluted) |
|--------------------|---|---|
| | yen | yen |
| June 30, 2018 | 51.51 | — |
| June 30, 2017 | 7.77 | — |

(2) Consolidated financial position

| As of | Total assets | Net assets | Equity capital ratio |
|----------------|--------------|-------------|----------------------|
| | million yen | million yen | % |
| June 30, 2018 | 205,819 | 110,279 | 51.1 |
| March 31, 2018 | 215,392 | 110,650 | 48.8 |

(Note) Shareholders' Equity As of June 30, 2018 105,090 million yen
As of March 31, 2018 105,188 million yen

※"Partial amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, revised on February 16, 2018) has been applied from the first quarter of the fiscal year ending March 31, 2019. To reflect the change in presentation method due to the application, the amounts of consolidated financial position as of March 31, 2018 are revised retroactively.

2. Dividends

| | Dividend per share | | | | |
|---------------------------------------|--------------------|-------|-----|----------|------------------|
| | 1Q | 2Q | 3Q | Year End | Total (annually) |
| Year ended | yen | yen | yen | yen | yen |
| March 31, 2018 | — | 25.00 | — | 50.00 | 75.00 |
| March 31, 2019 | — | — | — | — | — |
| Year ending March 31, 2019 (Forecast) | — | 25.00 | — | 52.00 | 77.00 |

(Note) Revisions to forecast of dividends : None

3. Consolidated Earnings Forecast for Fiscal Year Ending March 31, 2019 (April 1, 2018 through March 31, 2019)

(% indicates increase ratio over previous year)

| | Sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Profit attributable to owners of parent per share | |
|-----------|-------------|-------|------------------|------|-----------------|-------|---|------|---|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen | yen |
| Half year | 96,000 | (5.0) | 4,100 | 28.3 | 4,600 | 28.6 | 2,800 | 22.4 | — | 81.98 |
| Full year | 220,000 | (5.1) | 12,300 | 1.0 | 13,000 | (0.6) | 7,500 | 3.4 | — | 219.59 |

(Note) Revisions to forecast of earnings : None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : Yes
Excluded from consolidation: Geico Taikisha Europe Ltd.

Please refer to page 7 "Significant changes in scope of consolidation for the first quarter of the fiscal year ending March 31, 2019" for details.

- (2) Adoption of particular accounting treatments for quarterly consolidated financial statements : None

- (3) Changes in accounting policies, changes in accounting estimates and restatements

- (i) Changes in accounting policies due to revisions of accounting standards etc. : None
(ii) Changes in accounting policies other than (i) : None
(iii) Changes in accounting estimates : None
(iv) Restatements : None

- (4) Number of shares issued (common shares)

- (i) Number of shares issued at end of period (including treasury shares)

As of June 30, 2018 35,082,009 shares
As of March 31, 2018 35,082,009 shares

- (ii) Number of treasury shares at end of period

As of June 30, 2018 1,013,023 shares
As of March 31, 2018 1,012,999 shares

- (iii) Average number of shares during the period

Three months ended June 30, 2018 34,068,992 shares
Three months ended June 30, 2017 34,206,119 shares

- ※ Notice of status of implementation for quarterly review procedures
This financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.

- ※ Explanation about the proper use of consolidated forecasts and other notes
Data and forward-looking statements disclosed herein are based on current information as of today, and may change depending upon various factors. The data and assumptions do not mean guaranteeing accomplishment of goals and projections, and may be changed at any time without notice. Consequently, the Company ask you to use this information at your discretion based upon your own judgment and information you may obtain through other sources. The company will not be liable for any damages that result from the use of this information.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

| | As of March 31, 2018 | As of June 30, 2018 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 47,147 | 40,420 |
| Notes receivable, accounts receivable from completed construction contracts and other | 101,947 | 94,626 |
| Securities | — | 500 |
| Costs on uncompleted construction contracts | 2,120 | 3,434 |
| Raw materials and supplies | 348 | 335 |
| Other | 7,990 | 9,970 |
| Allowance for doubtful accounts | (539) | (640) |
| Total current assets | 159,015 | 148,646 |
| Non-current assets | | |
| Property, plant and equipment | 9,414 | 9,507 |
| Intangible assets | | |
| Goodwill | 2,762 | 2,603 |
| Other | 3,364 | 3,503 |
| Total intangible assets | 6,126 | 6,107 |
| Investments and other assets | | |
| Investment securities | 30,724 | 31,100 |
| Net defined benefit asset | 6,311 | 6,740 |
| Other | 3,815 | 3,731 |
| Allowance for doubtful accounts | (14) | (14) |
| Total investments and other assets | 40,836 | 41,557 |
| Total non-current assets | 56,377 | 57,172 |
| Total assets | 215,392 | 205,819 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 60,590 | 52,511 |
| Short-term loans payable | 6,730 | 8,159 |
| Income taxes payable | 3,859 | 725 |
| Advances received on uncompleted construction contracts | 11,870 | 11,937 |
| Provision for bonuses | — | 984 |
| Provision for warranties for completed construction | 690 | 788 |
| Provision for loss on construction contracts | 469 | 556 |
| Provision for directors' bonuses | 122 | — |
| Other | 9,409 | 7,667 |
| Total current liabilities | 93,742 | 83,330 |
| Non-current liabilities | | |
| Long-term loans payable | 1,606 | 1,951 |
| Provision for directors' retirement benefits | 64 | 53 |
| Net defined benefit liability | 1,563 | 1,532 |
| Other | 7,765 | 8,671 |
| Total non-current liabilities | 11,000 | 12,208 |
| Total liabilities | 104,742 | 95,539 |

Millions of yen

| | As of March 31, 2018 | As of June 30, 2018 |
|---|----------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,455 | 6,455 |
| Capital surplus | 7,258 | 7,258 |
| Retained earnings | 78,698 | 78,749 |
| Treasury shares | (2,475) | (2,475) |
| Total shareholders' equity | 89,936 | 89,987 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,242 | 13,562 |
| Deferred gains or losses on hedges | 3 | 19 |
| Foreign currency translation adjustment | 1,141 | 380 |
| Accumulated remeasurements of defined benefit plans | 864 | 1,140 |
| Total accumulated other comprehensive income | 15,252 | 15,102 |
| Non-controlling interests | 5,461 | 5,189 |
| Total net assets | 110,650 | 110,279 |
| Total liabilities and net assets | 215,392 | 205,819 |

(2) Consolidated Income Statements and Consolidated Statements of Comprehensive Income
Consolidated Income Statements

| | Millions of yen | |
|---|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2017 | Three months ended June 30, 2018 |
| | Apr. 1, 2017 - Jun. 30, 2017 | Apr. 1, 2018 - Jun. 30, 2018 |
| Net sales of completed construction contracts | 43,373 | 49,089 |
| Cost of sales of completed construction contracts | 38,309 | 41,627 |
| Gross profit on completed construction contracts | 5,064 | 7,461 |
| Selling, general and administrative expenses | 4,560 | 4,907 |
| Operating income | 503 | 2,554 |
| Non-operating income | | |
| Interest income | 130 | 83 |
| Dividend income | 179 | 211 |
| Real estate rent | 26 | 26 |
| Foreign exchange gains | — | 2 |
| Reversal of allowance for doubtful accounts | 0 | — |
| Other | 57 | 69 |
| Total non-operating income | 394 | 393 |
| Non-operating expenses | | |
| Interest expenses | 49 | 52 |
| Rent expenses on real estates | 4 | 5 |
| Foreign exchange losses | 156 | — |
| Provision of allowance for doubtful accounts | — | 0 |
| Share of loss of entities accounted for using equity method | 32 | 58 |
| Other | 37 | 25 |
| Total non-operating expenses | 281 | 142 |
| Ordinary income | 615 | 2,805 |
| Extraordinary income | | |
| Gain on disposal of non-current assets | 0 | 2 |
| Total extraordinary income | 0 | 2 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 1 | 7 |
| Impairment loss | 0 | — |
| Total extraordinary losses | 1 | 7 |
| Profit before income taxes | 615 | 2,800 |
| Income taxes-current | 123 | 251 |
| Income taxes-deferred | 218 | 668 |
| Total income taxes | 341 | 920 |
| Profit | 273 | 1,880 |
| Profit attributable to non-controlling interests | 7 | 125 |
| Profit attributable to owners of parent | 265 | 1,754 |

Consolidated Statements of Comprehensive Income

| | Millions of yen | |
|---|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2017 | Three months ended June 30, 2018 |
| | Apr. 1, 2017 - Jun. 30, 2017 | Apr. 1, 2018 - Jun. 30, 2018 |
| Profit | 273 | 1,880 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,901 | 320 |
| Deferred gains or losses on hedges | 159 | 18 |
| Foreign currency translation adjustment | (363) | (909) |
| Remeasurements of defined benefit plans | 196 | 278 |
| Share of other comprehensive income of entities accounted for using equity method | (19) | (14) |
| Total other comprehensive income | 1,875 | (307) |
| Comprehensive income | 2,148 | 1,573 |
| Comprehensive income attributable to : | | |
| Owners of parent | 2,119 | 1,605 |
| Non-controlling interests | 28 | (32) |

(Segment information)

Sales and profits or losses by reportable segments

Three months ended June 30, 2017 (April 1, 2017 - June 30, 2017)

Millions of yen

| | Reportable segments | | | Eliminations/ Corporate | Amount recorded in the consolidated financial statements |
|-----------------------|-------------------------------------|------------------------------------|--------|----------------------------|--|
| | Green Technology System Division | Paint Finishing System Division | Total | | |
| Sales | | | | | |
| Sales to customers | 26,957 | 16,415 | 43,373 | — | 43,373 |
| Intersegment | — | 1 | 1 | (1) | — |
| Total | 26,957 | 16,417 | 43,375 | (1) | 43,373 |
| Segment profit (loss) | 1,916 | (1,524) | 392 | 223 | 615 |

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Eliminations/ Corporate of Segment profit (loss) of 223 million yen includes non-allocatable common profits (net amount of common profit and loss) of 220 million yen and other adjustment of 2 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Millions of yen

| | Reportable segments | | | Eliminations/ Corporate | Amount recorded in the consolidated financial statements |
|-----------------------|-------------------------------------|------------------------------------|--------|----------------------------|--|
| | Green Technology System Division | Paint Finishing System Division | Total | | |
| Sales | | | | | |
| Sales to customers | 33,692 | 15,396 | 49,089 | — | 49,089 |
| Intersegment | — | 0 | 0 | (0) | — |
| Total | 33,692 | 15,397 | 49,089 | (0) | 49,089 |
| Segment profit (loss) | 3,031 | (449) | 2,581 | 224 | 2,805 |

(Note) 1. The amount of Eliminations/ Corporate is as follows:

Eliminations/ Corporate of Segment profit (loss) of 224 million yen includes non-allocatable common profits (net amount of common profit and loss) of 222 million yen and other adjustment of 1 million yen.

Non-allocatable common profit and loss are mainly general and administrative expenses and dividend income etc. those are not attributed to any reportable segments.

2. Segment profit (loss) is adjusted in the ordinary income of the consolidated income statement.

(Significant changes in scope of consolidation for the first quarter of the fiscal year ending March 31, 2019)

During the first quarter of the fiscal year ending March 31, 2019, Geico S.p.A., a consolidated subsidiary of Taikisha Ltd., merged Geico Taikisha Europe Ltd., a consolidated subsidiary of Geico S.p.A.. As a result of the merger, Geico Taikisha Europe Ltd. was dissolved and excluded from the scope of consolidation.

(Additional information)

"Partial amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, revised on February 16, 2018) has been applied from the first quarter of the fiscal year ending March 31, 2019. Deferred tax assets are recorded in the "Investment and other assets" and deferred tax liabilities are recorded in the "Non-current liabilities".

(Supplementary information)

1. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (consolidated)

Millions of yen

| | Three months ended June 30, 2017 (Apr. 1, 2017 - Jun. 30, 2017) | | Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018) | | Increase (Decrease) | |
|---|---|----------|---|----------|---------------------|------------|
| | Amounts | % | Amounts | % | Amounts | % |
| Orders-received | | | | | | |
| Green Technology System Division | | | | | | |
| Building HVAC | 14,834 | 25.2 | 16,526 | 27.9 | 1,692 | 11.4 |
| Industrial HVAC | 24,338 | 41.3 | 27,163 | 45.8 | 2,825 | 11.6 |
| Total | 39,172 | 66.5 | 43,689 | 73.7 | 4,517 | 11.5 |
| [Overseas] | [10,474] | [17.8] | [9,742] | [16.4] | [(732)] | [(7.0)] |
| Paint Finishing System Division | 19,718 | 33.5 | 15,565 | 26.3 | (4,153) | (21.1) |
| [Overseas] | [16,244] | [27.6] | [13,687] | [23.1] | [(2,557)] | [(15.7)] |
| Total | 58,890 | 100.0 | 59,254 | 100.0 | 364 | 0.6 |
| [Overseas] | [26,718] | [45.4] | [23,429] | [39.5] | [(3,289)] | [(12.3)] |
| Net sales of completed construction contracts | | | | | | |
| Green Technology System Division | | | | | | |
| Building HVAC | 10,309 | 23.8 | 8,897 | 18.1 | (1,412) | (13.7) |
| Industrial HVAC | 16,648 | 38.4 | 24,795 | 50.5 | 8,147 | 48.9 |
| Total | 26,957 | 62.2 | 33,692 | 68.6 | 6,735 | 25.0 |
| [Overseas] | [6,927] | [16.0] | [8,657] | [17.6] | [1,730] | [25.0] |
| Paint Finishing System Division | 16,415 | 37.8 | 15,396 | 31.4 | (1,019) | (6.2) |
| [Overseas] | [13,674] | [31.5] | [13,434] | [27.4] | [(240)] | [(1.8)] |
| Total | 43,373 | 100.0 | 49,089 | 100.0 | 5,716 | 13.2 |
| [Overseas] | [20,601] | [47.5] | [22,091] | [45.0] | [1,490] | [7.2] |
| Construction carried forward | | | | | | |
| Green Technology System Division | | | | | | |
| Building HVAC | 58,996 | 31.7 | 59,868 | 35.2 | 872 | 1.5 |
| Industrial HVAC | 48,468 | 26.0 | 53,388 | 31.4 | 4,920 | 10.2 |
| Total | 107,465 | 57.7 | 113,257 | 66.6 | 5,792 | 5.4 |
| [Overseas] | [23,112] | [12.4] | [24,438] | [14.4] | [1,326] | [5.7] |
| Paint Finishing System Division | 78,883 | 42.3 | 56,896 | 33.4 | (21,987) | (27.9) |
| [Overseas] | [71,537] | [38.4] | [52,050] | [30.6] | [(19,487)] | [(27.2)] |
| Total | 186,349 | 100.0 | 170,153 | 100.0 | (16,196) | (8.7) |
| [Overseas] | [94,650] | [50.8] | [76,488] | [45.0] | [(18,162)] | [(19.2)] |

(Note) 1. The amounts of orders received, net sales of completed construction contracts, and carried forward are the transacted amount with external customers.

2. In the previous consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 1 million yen difference between net sales of completed construction contracts of 16,415 million yen and total sales of 16,417 million yen in the segment information by the Paint Finishing System Division due to intersegment sales.

3. In the consolidated cumulative first quarter, there is no difference between net sales of completed construction contracts and total sales in the segment information by the Green Technology System Division.

There is 0 million yen difference between net sales of completed construction contracts of 15,396 million yen and total sales of 15,397 million yen in the segment information by the Paint Finishing System Division due to intersegment sales.

2. Statement for orders-received during this period, net sales of completed construction contracts during this period, and construction carried forward by division (Non-consolidated)

Millions of yen

| | Three months ended June 30, 2017 (Apr. 1, 2017 - Jun. 30, 2017) | | Three months ended June 30, 2018 (Apr. 1, 2018 - Jun. 30, 2018) | | Increase (Decrease) | |
|---|---|----------|---|----------|---------------------|------------|
| | Amounts | % | Amounts | % | Amounts | % |
| Orders-received | | | | | | |
| Green Technology System Division | | | | | | |
| Building HVAC | 14,197 | 39.2 | 15,753 | 39.2 | 1,556 | 11.0 |
| Industrial HVAC | 13,931 | 38.4 | 16,983 | 42.2 | 3,052 | 21.9 |
| Total | 28,128 | 77.6 | 32,737 | 81.4 | 4,609 | 16.4 |
| [Overseas] | [93] | [0.3] | [18] | [0.0] | [(75)] | [(80.6)] |
| Paint Finishing System Division | 8,118 | 22.4 | 7,495 | 18.6 | (623) | (7.7) |
| [Overseas] | [5,471] | [15.1] | [6,061] | [15.1] | [590] | [10.8] |
| Total | 36,246 | 100.0 | 40,232 | 100.0 | 3,986 | 11.0 |
| [Overseas] | [5,565] | [15.4] | [6,080] | [15.1] | [515] | [9.3] |
| Net sales of completed construction contracts | | | | | | |
| Green Technology System Division | | | | | | |
| Building HVAC | 9,977 | 42.3 | 8,369 | 30.2 | (1,608) | (16.1) |
| Industrial HVAC | 9,735 | 41.2 | 16,101 | 58.2 | 6,366 | 65.4 |
| Total | 19,713 | 83.5 | 24,471 | 88.4 | 4,758 | 24.1 |
| [Overseas] | [33] | [0.2] | [26] | [0.1] | [(7)] | [(21.2)] |
| Paint Finishing System Division | 3,885 | 16.5 | 3,198 | 11.6 | (687) | (17.7) |
| [Overseas] | [1,613] | [6.8] | [1,804] | [6.5] | [191] | [11.8] |
| Total | 23,599 | 100.0 | 27,670 | 100.0 | 4,071 | 17.3 |
| [Overseas] | [1,646] | [7.0] | [1,830] | [6.6] | [184] | [11.2] |
| Construction carried forward | | | | | | |
| Green Technology System Division | | | | | | |
| Building HVAC | 58,222 | 58.8 | 59,121 | 58.5 | 899 | 1.5 |
| Industrial HVAC | 25,444 | 25.7 | 28,536 | 28.3 | 3,092 | 12.2 |
| Total | 83,666 | 84.5 | 87,658 | 86.8 | 3,992 | 4.8 |
| [Overseas] | [102] | [0.1] | [12] | [0.0] | [(90)] | [(88.2)] |
| Paint Finishing System Division | 15,326 | 15.5 | 13,369 | 13.2 | (1,957) | (12.8) |
| [Overseas] | [8,572] | [8.7] | [9,043] | [9.0] | [471] | [5.5] |
| Total | 98,993 | 100.0 | 101,027 | 100.0 | 2,034 | 2.1 |
| [Overseas] | [8,674] | [8.8] | [9,055] | [9.0] | [381] | [4.4] |

3. Sales by regions

Three months ended June 30, 2017 (April 1, 2017 - June 30, 2017)

Millions of yen

| Japan | North America | Southeast Asia | | East Asia | | India | Other | Total |
|--------|---------------|----------------|----------------------|-----------|-----------------|-------|-------|--------|
| | | Thailand | Other Southeast Asia | China | Other East Asia | | | |
| 22,771 | 8,045 | 3,994 | 3,253 | 2,053 | 434 | 1,014 | 1,805 | 43,373 |

Three months ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Millions of yen

| Japan | North America | Southeast Asia | | East Asia | | India | Other | Total |
|--------|---------------|----------------|----------------------|-----------|-----------------|-------|-------|--------|
| | | Thailand | Other Southeast Asia | China | Other East Asia | | | |
| 26,997 | 5,034 | 5,736 | 3,870 | 1,786 | 351 | 2,023 | 3,289 | 49,089 |